

MINUTES OF THE MEETING  
INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY

September 28, 2005

**MEMBERS PRESENT:** David Shane, Chair; Ryan C. Kitchell, Vice Chairman; Lance Rhodes; William Lister; Sue Scholer; and Kelly Borrer.

**ALSO PRESENT:** Lynda Hanna, John Pease, and John Porzuczek, JP Morgan; Brenda Horn, Susan Price, and Kristin McClellan, Ice Miller; John Meade, Hall Render; Rick Hall, Barnes & Thornburg; Mark Gastineau, Bank One; Curt Fritsch, CRF Financial Group; Dan Davis, Trinity Health; Patrick McManis, Bear Stearns; John Renken, Miller, Canfield, Paddock and Stone, P.C.C.; Randy Ruhl, City Security Corp.; Rachelle Lore; Amy Corsaro; and Dan Kramer.

The Chairman welcomed those in attendance, recognized the presence of a quorum and called the meeting to order at 11:00 a.m. on September 28, 2005, in Suite 900, One North Capitol, Indianapolis, Indiana, pursuant to notice thereof.

The Chairman asked for approval of the Minutes of the August 24, 2005, meeting of the Indiana Health and Educational Facility Financing Authority. Thereupon, upon motion made by Mr. Lister and seconded by Mr. Rhodes, it was unanimously:

**RESOLVED**, the Minutes of the August 24, 2005, meeting of the Indiana Health and Educational Facility Financing Authority are hereby approved and the Executive Director is instructed to execute same and to place same in the Minute Book as the Minutes of the August 24, 2005, Meeting of the Indiana Health and Educational Facility Financing Authority.

Mr. Shane then checked with the board in regards to the acceptability of the scheduled October 26, 2005 meeting, all were agreeable to that date. The date of the November meeting was brought up as it falls on the day before the Thanksgiving holiday. It was unanimously decided that the November meeting be moved to November 16, 2005 in recognition of this scheduling conflict.

Mr. Shane then introduced Mr. Lance Rhodes, who gave a presentation on the Comprehensive Care Facilities in Indiana by region in response to an issue brought up by Mr. Lister at the July meeting regarding the determination of "necessary and helpful". The report also included a county-by-county forecast of net need by 2007. Mr. Lister questioned whether we were over- or under-serving the community with health care facilities, to which Mr. Rhodes replied that we were neither over- nor under-serving the community at the present time. Mr. Shane recommended that the issue be put aside for the moment and revisit it at the next meeting after the board has had a chance to fully inspect the report.

Mr. Shane then asked for the Executive Director's Report.

#### EXECUTIVE DIRECTOR'S REPORT

A copy of the Executive Director's Report is attached hereto as Exhibit A.

The Executive Director began his report with mention of Dr. Louis Gatto passing away the previous Friday, September 23, 2005. Mr. Kramer stated that a resolution had been prepared to recognize the contributions that Dr. Gatto had made to the Indiana Educational Facilities Authority over the past 15 years, which he then proceeded to read.

Thereupon, it was unanimously;

**RESOLVED**, the Resolution Recognizing the Contributions of Dr. Louis C. Gatto for his contributions to the State of Indiana, secondary education, professional and community work is hereby approved and ratified.

A copy of the Resolution Recognizing the Contributions of Dr. Louis C. Gatto is attached hereto as Exhibit B.

The Executive Director continued his report by informing Members that the Howard Regional Health Care System transaction closed successfully on August 31, 2005.

The Executive Director continued his report by informing Members that included in their meeting packet is a preliminary resolution and application for Trinity Health Corporation in an amount not to exceed \$35,000,000. He introduced Mr. John Renken of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, and Daniel Davis, the Manager of Debt Administration for Trinity Health Corporation, to discuss the application.

Mr. Renken began by introducing Patrick McManis from Bear Stearns, the underwriter. Mr. Renken then continued by describing the purpose of the financing. Most of the funds will go toward construction and renovation of existing facilities as well as equipment and information technology upgrades. Minor renovations will be made at the facilities located at St. Joseph Regional Medical Centers in South Bend and Plymouth, as well as the St. Joseph Community Hospital of Mishawaka.

Mr. Shane asked Mr. Renken for more detail in regards to the information technology upgrades. Mr. Renken replied that the information technology upgrade was called Project Genesis, and will upgrade all systems as well as standardize and streamline the records management and financial aspects of the system.

Mr. Lister then asked Mr. Renken to go into more detail in regards to the equipment that will be funded with proceeds of the bonds. Mr. Renken replied that it would be a variety

of things, including a CT scanner and an MRI in addition to much smaller items. Mr. Shane then verified with Mr. Renken that all funds were to be used in Indiana, to which Mr. Renken answered in the affirmative.

Thereupon, upon motion made by Mr. Kitchell and seconded by Ms. Borrer, it was unanimously:

**RESOLVED**, the Preliminary Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Variable Rate Revenue Bonds (Trinity Health Credit Group) Series 2005, in one or more series, in an aggregate principal amount not to exceed \$35,000,000, and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit C.

The Executive Director then continued with the next item on the agenda, the preliminary resolution and application for Baptist Homes of Indiana in an amount not to exceed \$50,000,000. He introduced Brenda Horn, bond counsel, to discuss the resolution.

Ms. Horn began by apologizing for the President and CFO of Baptist Homes of Indiana being unable to attend, as their board meeting was being held at the same time as the meeting of the Authority. Baptist Homes began in 1904 as an orphanage, and during the 1960's the focus was changed to retired persons. There are currently three long-term care campuses; Hoosier Village Residential in Zionsville, Towne House Residential in Fort Wayne, and Four Seasons Residential in Columbus. All three are Continuing Care Retirement Centers.

The purpose of this financing is to refund the existing Authority debt in the amount of \$28,235,000 as well as to finance construction of additional Duplex independent living units in Zionsville and Fort Wayne, and to finance other capital projects including water drainage at Zionsville and other miscellaneous capital improvements and renovations. Ms. Horn pointed out that the rating by Fitch was A- or BBB+. Ms. Horn also pointed out that none of the requested money would be used to finance additional nursing home beds.

Mr. Lister questioned if the bonds to be refinanced were from the 1990 issue, to which Ms. Horn replied that it was the Series 2000 Bonds which were to be refinanced.

Mr. Lister then questioned if there was a limit on how many times a debt can be refinanced under Indiana law. Ms. Corsaro informed Mr. Lister that Baptist Homes is able to refinance the existing debt as planned pursuant to the federal tax code.

Thereupon, upon motion made by Ms. Borrer and seconded by Mr. Kitchell, it was unanimously:

**RESOLVED**, the Preliminary Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Revenue Bonds, Series 2005 (Baptist Homes of Indiana Obligated Group), in the principal amount not to exceed

\$50,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit D.

The Executive Director then continued with the next item on the agenda, the Final Resolution for Harrison County Hospital in an amount not to exceed \$33,000,000. The Executive Director then introduced Rick Hall of Barnes and Thornburg and Jeff Davis, CFO of Harrison County Hospital.

Mr. Hall started by reminding the board that the preliminary approval for the \$30,000,000 loan was made at the July 27, 2005 meeting. . This would be a variable rate financing secured by a Letter of Credit issued by J.P. Morgan. Piper Jaffray will be the underwriter. Mr. Hall reminded the Board that this is a project that has tremendous local support.

Sometime after the July 27 Authority meeting the Hospital received updated hospital costs that caused them to request a higher amount, one item being a contingency for increased costs due to hurricane Katrina. Mr. Lister questioned the need for the additional \$3,000,000 over the original loan request. He stated that the original budget presented for the project was \$40,000,000 and that \$30,000,000 had been requested from this Authority and \$17,000,000 had been pledged by the County. Therefore, this structure already provided for a buffer amount of \$7,000,000. Mr. Hall answered that the project's finalized construction costs did go up, but the main reason for the change in the requested amount was due to the Hospital's own capital being diverted out of the project to help fund an administrative building for doctor offices and ancillary services. Mr. Lister and Mr. Davis continued to discuss the project budget until Mr. Davis fully understood what information Mr. Lister was trying to obtain. At this point Mr. Davis explained that equipment in the amount of \$6,000,000, originally to be funded with cash on hand, would now be funded with bond proceeds so that the cash on hand will be available for the administrative building construction.

Mr. Shane conferred with Ms. Corsaro to ascertain whether or not it was acceptable to approve a final resolution for a different amount than was stated in the preliminary resolution. Ms. Corsaro answered in the affirmative. Mr. Shane asked Ms. Corsaro to consult with the Bond Counsel for Harrison County Hospital to ensure that the closing documents accurately contained the record of the public discussion about the change in the requested amount.

Thereupon, upon motion made by Mr. Kitchell and seconded by Ms. Scholer, it was unanimously:

**RESOLVED**, the Final Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Revenue Bonds, Series 2005 (Harrison County Hospital Project), in the principal amount not to exceed \$33,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the Resolution is attached hereto as Exhibit E.

The Executive Director then continued with the next item on the agenda, an update on the American Eagle LifeCare transaction in an amount not to exceed \$19,000,000. The Executive Director reminded the Board that the Final Resolution will not be considered this month. He introduced Michael Tym, CFA, of Ponder & Co.

Mr. Tym reviewed with Members the Preliminary Report that had been done on the American Eagle LifeCare Project by Ponder & Co. Mr. Tym noted that he has reviewed the feasibility study by Crowe Chizek, as well as the financial documents that have come from American Eagle LifeCare. Additionally, Mr. Tym stated that the underwriter has put into their purchase agreement that they will sell these bonds to qualified investors. Mr. Tym stated that at this point the project looks favorable. American Eagle LifeCare will be attending the October meeting to present a final resolution.

The Executive Director then continued with the next item on the agenda, the IHEFFA Policy Document Resolution. The policy document no longer contains an ethics component because the Authority voted to be under the jurisdiction of the State Ethics Commission at the August 24 Authority meeting; the investment policy and unrated investment are the same policy documents that have been examined previously by the Board.

Thereupon, upon motion made by Mr. Kitchell and seconded by Ms. Borrer, it was unanimously:

**RESOLVED**, the Resolution Authorizing the Indiana Health and Educational Facility Financing Authority Investment Policy and Unrated Obligation Policy be and hereby are approved.

A copy of the Resolution is attached hereto as Exhibit F.

The Executive Director then reminded the Members that included in their packets is the Cash and Investment Report.

The Executive Director concluded his report.

There being no further business, the meeting was adjourned.

Respectfully submitted,

  
Executive Director